SECRET REPORT CITES LUCIANO ON WAR AID

Book Based on a '54 Study Ordered by Dewey Says That Underworld Figures Gave Valuable Help

By PETER KIHSS

A report of an intensive New York State investigation—ordered in 1954 by Gov. Thomas E. Dewey, and long suppressed at the request of the Navy—credits Charles (Lucky) Luciano and other underworld leaders with a wide variety of valuable aid to the Government in World War II.

The report describes how the Navy first obtained Joseph (Socks) Lanza, rackets boss at Fulton Fish Market, to enlist fishermen on a submarine watch. Mr. Lanza eventually said he would need the wider influence of Mr. Luciano, serving a 30-to-50-year sentence for running a prostitution ring, and Mr. Luciano then assigned Meyer Lansky another racket leader, to oversee the venture, the report says.

The estate of Governor Dewey, who died in 1971, has permitted the report by William B. Herlands who in 1954 was State Commissioner of Investigation, to be used as basis for a book to be published next month in view of release of other books on World War II intelligence operations.

The new book, "The Luciano Project: The Secret Wartime Collaboration of the Mafia and the U.S. Navy," has been written by Rodney Campbell, who in 1974 edited a first volume of Governor Dewey's memoirs, "Twenty Against the Underworld." It is being published simultaneously by McGraw-Hill here and by Mondadori in Milan, Italy.

The book reveals that on Nov. 22, 1954, the Pentagon's then director of Naval Intelligence, Rear Adm. Carl F. Espe, successfully asked that the Herlands report —which he termed "thorough" and "admirably" documented—be withheld from the public.

His letter said it "might jeopardize operations of a similar nature in the future," and "there is potential for embarrassment to the Navy public relations-wise."

In his investigation from Jan. 28 to Sept. 17, 1944, Mr. Herlands compiled 2,883 pages of statements from 57 major witnesses plus back-up files and a 101-page summary report. He took sworn statements from Mr. Lanza, Mr. Lansky and Mr. Luciano's lawyer, Moses Polakoff, and from 31 Navy personnel, including four captains.

Mr. Luciano initially asked executive clemency on the day of Allied victory in Europe, May 8, 1945, with Mr. Polakoff then asserting the crime boss had given war aid. On Jan. 3, 1946, Governor Dewey commuted Mr. Luciano's sentence to the nearly 10 years he had already served, contingent on deportation to Italy, and said Mr. Luciano had given aid sought by the armed services "concerning possible enemy attack," the value of which was "not clear."

Years of controversy followed. In 1947, Murray L. Gurfein, former assistant district attorney, said Mr. Luciano had been asked to help "port security matters," but Charles R. Haffenden, wartime Naval Intelligence investigator in New York, said Mr. Luciano's aid was nothing extraordinary.

Governor Dewey's commutation brought him under attack in his 1950 reelection campaign. The armed forces told the Estes Kefauver Senate committee on crime in 1951 that Mr. Luciano had made no significant contribution to the war effort.

In 1954, a Democratic Assemblyman's charges of a "payoff" for Luciano's deportation led to state Correction Department release of a list of his prison visitors, including racket figures but no military personnel.

Governor Dewey, in the memoirs published after his death, said that he had been infuriated by charges that "there might have been something crooked about my action." He said he ordered a Herlands investigation to see if he had been justified, but "since the Navy allowed the officers to testify only with the expressed wish that the report not be made public, I never released it."

Mr. Herlands' summary report, which a reporter was able to read with permission of R. Burdell Bixby, co-executor of the Dewey estate with the Chase Manhattan Bank, summarized its findings as follows:

"As a result of the activities of Luciano and his intermediaries, a network of contacts and informants was made available to Naval Intelligence.

"They performed such services as obtaining information about and reporting suspicious activities on the waterfront; keeping an eye out for sabotage and espionage; obtaining union books and union cards so that Naval Intelligence agents could be placed (ostensibly as employees) in hotels, restaurants, bars and grills, piers, docks, trucks, factories and elsewhere.

"They were used on the Brooklyn waterfront to prevent trouble that Naval Intelligence thought might be created when Harry Bridges (West Coast longshore union leader) came to the East Coast.

"Numerous Italians of Sicilian birth or background and their relatives were enlisted to provide Commander Haffenden and his assistants information about the terrain, harbors, etc., of Sicily in anticipation of the Allied invasion there.

"Through these contacts and informants, the names of friendly Sicilian natives and even Sicilian underworld and Mafia personalities who could be trusted were obtained and actually used in the Sicilian campaign.

"The wartime head of the Naval Counter-Intelligence Section expressed the opinion that the information so obtained turned out to be 40 percent correct, upon eventual checkup and on the basis of actual experience.'"

Mr. Campbell said the Herlands documents established that between March 7, 1942, and May 1, 1944, "up to 73 naval officers and 82 naval enlisted men and civilian agents in the Third Naval District were actively, continuously and effectively engaged in secret intelligence operations that required the complete cooperation of the Mafia."

The first underworld member to cooperate was Mr. Lanza, then under indictment for extortion, even though he and the others were warned they would get no consideration from prosecution. Mr. Lanza enlisted Benjamin A. Espy, an associate, and they traveled from Maine to Virginia setting up contacts with fishermen.

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